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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA

Plaintiff,

v.

GEORGE LOREN REED, Individually and as
Trustee of the REED FAMILY TRUST; DUANE
REED, Individually and as Trustee of the REED
FAMILY TRUST; LIDCO INC.; and SHIRLEY
LUNDY,

Defendants.

Civil No. 1:05-CV-00431-REC-LJO

**STIPULATION BETWEEN THE
UNITED STATES AND LIDCO
INC. IN LIEU OF ANSWER AND
FURTHER APPEARANCE BY
LIDCO INC., and ORDER**

Plaintiff United States of America and defendant Lidco Inc., through their respective attorneys,
stipulate as follows:

1. Defendant Lidco Inc. is the judgment lien creditor under an Abstract of Judgment recorded
with the County Recorder's Office for Stanislaus County, California ("County Recorder") on January 11,
1987 and renewed on October 29, 1996. The stated obligation under the foregoing lien, excluding any
accrued amounts, is \$11,125.50.

2. This Abstract of Judgment encumbers real property particularly described as follows:
Parcel 1 (APN: 076-027-038) (hereinafter, "Parcel 1"):

All that portion of west 1/2 of the southeast 1/4 of the southeast 1/4 of section 10
Township 3 South, Range 8 East, M.D.B.&M, which lies south of Lateral No. 7 of
Modesto Irrigation District.

1 Excepting therefrom all that portion of the west 1/2 of the southeast 1/4 of the southeast
2 1/4 bounded and particularly described as follows:

3 Commencing at the southeast corner of the west 1/2 of the southeast 1/4 of the southeast
4 1/4 of said section 10, above Township and Range; thence running north along the east
5 line of said west 1/2 a distance of 20 feet to the north side of county road known as
6 Beckwith Road to the point of beginning of this description; thence continuing north along
7 the east line of said west 1/2, a distance of 125 feet to a point; thence west and parallel to
8 the south line of said southeast 1/4 of said section 10, a distance of 135 feet to a point;
9 thence south and parallel to the east line of the said west 1/2 of said southeast 1/4 of the
10 southeast 1/4 of said Section 10, a distance of 125 feet to a point on the north line of said
11 county road; thence east along the north line of said county road, a distance of 135 feet to
12 the point of beginning.

13 Also excepting therefrom all that portion of the west 1/2 of the southeast 1/4 of the
14 southeast 1/4 bounded and particularly described as follows:

15 Commencing at the southeast corner of the west 1/2 of the southeast 1/4 of the southeast
16 1/4 of said section 10; thence north and along the east line of said west 1/2 of the southeast
17 1/4 of the southeast 1/4 to the north side of the county road (Beckwith Road); thence west
18 and along the north line of said Beckwith Road, a distance of 135 feet to the southwest
19 corner of the property conveyed to Wood Colony Grange, No. 522 by deed, recorded
20 December 24, 1937, as instrument no. 16207 and being the true point of beginning of this
21 description; thence north and parallel to the east line of the west 1/2 of the southeast 1/4 of
22 the southeast 1/4 of said section 10 and along the west line of said Grange property 125
23 feet; thence continuing north and parallel to the east line of the west 1/2 of the southeast
24 1/4 of the southeast 1/4 of said section 10, 15 feet; thence west and parallel to the north
25 line of Beckwith Road 75 feet; thence south and parallel to the east line of the west 1/2 of
26 the southeast 1/4 of the southeast 1/4 of section 10, 140 feet to a point in the north line of
27 said Beckwith Road; thence east and along the north line of said Beckwith road, a distance
28 of 75 feet to the true point of beginning of this description.

Also exception therefrom all that portion of the west 1/2 of the southeast 1/4 of the
southeast 1/4 bounded and particularly described as follows:

Commencing at the southeast corner of the west 1/2 of the southeast 1/4 of the southeast
1/4 of said section 10; thence north, on the east line of said west 1/2 of the southeast 1/4 of
the southeast 1/4 of section 10, a distance of 145 feet to the northeast corner of the
property conveyed to George Raymond Reed and Gladys Reed, husband and wife, by
grand deed recorded in Book 2021 of official records, at page 165, Stanislaus County
Recorders Office, and the point of beginning of this description;
thence west parallel with the south line of the southeast 1/4 of said section 10, a distance
of 135 feet; thence north parallel with the east line of said west 1/2 of the southeast 1/4 of
the southeast 1/4 of said section 10, a distance of 100 feet; thence east, parallel with the
south line of the southeast 1/4 of said section 10, a distance of 135 feet to the aforesaid
east line of the west 1/2 of the southeast 1/4 of the southeast 1/4 of said section 10; thence
south, on said east line of the west 1/2 of the southeast 1/4 of the southeast 1/4 of section
10, a distance of 100 feet to the point of beginning.

Also excepting therefrom parcel A, as shown on a parcel map filed December 16, 1969 in
Book 8 of parcel maps, at page 3, Stanislaus County Recorder, being a portion of the
southeast 1/4 of the southeast 1/4 of Section 10, Township 3 south, Range 8 East,
M.D.B.&M.

Parcel 2 (APN: 076-027-034) (hereinafter, "Parcel 2"):

Parcel A:

All that portion of the west 1/2 of the southeast 1/4 of the southeast 1/4 bounded and particularly described as follows:

Commencing at the southeast corner of the west 1/2 of the southeast 1/4 of the southeast 1/4 of said Section 10, above township and range; thence running north along the east line of said west 1/2 a distance of 20 feet to the north side of county road known as Beckwith Road to the point of beginning of this description; thence continuing north along the east line of said west 1/2, a distance of 125 feet to a point; thence west and parallel to the south line of said southeast 1/4 of said Section 10, a distance of 135 feet to a point; thence south and parallel to the east line of the said west 1/2 of said southeast 1/4 of the southeast 1/4 of said Section 10, a distance of 125 feet to a point on the north line of said county road; thence east along the north line of said county road, a distance 135 feet to the point of beginning.

Parcel B:

All that portion of the west 1/2 of the southeast 1/4 of the southeast 1/4 bounded and particularly described as follows:

Commencing at the southeast corner of the west 1/2 of the southeast 1/4 of the southeast 1/4 of said Section 10; thence north, on the east line of said west 1/2 of the southeast 1/4 of the southeast 1/4 of Section 10, a distance of 145 feet to the northeast corner of the property conveyed to George Raymond Reed and Gladys Reed, husband and wife, by grant deed recorded in Book 2021 of Official Records, at page 165, Stanislaus County recorder's office, and the point of beginning of this description; thence west parallel with the south line of the southeast 1/4 of said Section 10, a distance of 135 feet; thence north parallel with the east line of said west 1/2 of the southeast 1/4 of the southeast 1/4 of said Section 10, a distance of 100 feet; thence east, parallel with the south line of the southeast 1/4 of said Section 10, a distance of 135 feet to the aforesaid east line of the west 1/2 of the southeast 1/4 of the southeast 1/4 of said Section 10, thence south, on said east line of the west 1/2 of the southeast 1/4 of the southeast 1/4 of Section 10, a distance of 100 feet to the point of beginning.

Parcel 3 (APN: 076-027-019) (hereinafter, "Parcel 3"):

The west 120 feet of the east 642 feet of the south 170 feet of the southeast 1/4 of the southeast 1/4 of Section 10, Township 3 south, Range 8 east M.D.B.&M.

Excepting therefrom the south 20 feet.

3. Lidco Inc's Abstract of Judgment also encumbers real property particularly described as follows (APN: 076-027-019-000):

All that portion of the Southeast 1/4 of Section Township 3, South Range 8 East M.D.B & M, as follows:

Commencing at the Southeast corner of said Section 10; thence North 20 feet to the North side of Beckwith Road; thence West along North side said road 642 feet to the point of beginning; thence continuing along North side road 15.85 feet more or less; thence North 776

1 feet more or less to the South line of a canal; thence Southeast along South line canal 15.85
2 feet more or less; thence South 776 feet or more or less to the point of beginning.

3 EXCEPTING THEREFROM the North 450 feet.

4 4. The United States has recently filed its First Amended Complaint seeking to enforce
5 its judgments entered against George Raymond Reed (deceased) and Gladys Reed (deceased), husband
6 and wife, and their son, George Loren Reed against the foregoing parcels of real property. These
7 judgments were recorded with the County Recorder on October 2, 1991.

8 5. The United States and Lidco Inc. hereby stipulate that Lidco Inc's judgment,
9 described in paragraph 1 above, is senior to the United States' judgments, described in paragraph 4
10 above, and that should the parcels of real property, described in paragraphs 2 & 3 above, be sold pursuant
11 to any order of this Court, that the proceeds of the sale shall be distributed to satisfy Lidco Inc's judgment
12 before being distributed to the United States.

13 6. Lidco Inc. is dismissed and need not further plead in this action.

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7. The United States and Lidco Inc. will each bear their own costs and attorney fees in this matter.

Dated this 2nd day of June, 2005.

Dated this 1st day of June, 2005.

MCGREGOR W. SCOTT
United States Attorney

/s/ - Paul Ham
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Attorneys for the United States

Attorney for Lidco Inc.

IT IS SO ORDERED.

DATED this 8th day of June, 2005.

/s/ ROBERT E. COYLE

ROBERT E. COYLE
UNITED STATES DISTRICT JUDGE